

The background features a blurred image of a person lying in a hospital bed, overlaid with a green geometric pattern of lines and various medical icons such as a syringe, a pill, a stethoscope, and a group of people. A large green cross is centered over the person's chest.

Aetna Better Health of Louisiana, Inc.
Medicaid Managed Care Programs

Report on Adjusted Medical Loss Ratio
With Independent Accountant's Report Thereon

For the Calendar Year Ending December 31, 2020
Paid through April 30, 2021



**MYERS AND
STAUFFER** LC
CERTIFIED PUBLIC ACCOUNTANTS



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State of Louisiana
Louisiana Department of Health
Baton Rouge, Louisiana

Independent Accountant's Report

We have examined the accompanying Adjusted Medical Loss Ratio of Aetna Better Health of Louisiana, Inc. for the calendar year ending December 31, 2020. Aetna Better Health of Louisiana, Inc.'s management is responsible for presenting the Medical Loss Ratio (MLR) Reporting in accordance with the criteria set forth in Healthy Louisiana's MLR Reporting Guide, the Code of Federal Regulations (CFR) 42 § 438.8, and other applicable federal and state guidance (criteria). This criteria was used to prepare the Adjusted Medical Loss Ratio. Our responsibility is to express an opinion on the Adjusted Medical Loss Ratio based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Adjusted Medical Loss Ratio is in accordance with the criteria, in all material respects. An examination involves performing procedures to obtain evidence about the Adjusted Medical Loss Ratio. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement of the Adjusted Medical Loss Ratio, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

The accompanying Adjusted Medical Loss Ratio was prepared for the purpose of complying with the criteria, and is not intended to be a complete presentation in conformity with accounting principles generally accepted in the United States of America.

The Other Non-Claims Costs amount reported on the Adjusted Medical Loss Ratio Rebate Calculation has not been subjected to the procedures applied in the examination. In accordance with CFR 42 § 438.8, reporting of the Other Non-Claims Costs is required. Any adjustments to the Other Non-Claims Costs were determined without testing as the procedure was outside of the scope of our examination, and accordingly, we express no opinion on it.

In our opinion the above referenced accompanying Adjusted Medical Loss Ratio Rebate Calculation is presented in accordance with the above referenced criteria, in all material respects, and the Adjusted Medical Loss Ratio Percentage Achieved exceeds the Centers for Medicare & Medicaid Services (CMS) requirement of eighty-five percent (85%) for the calendar year ending December 31, 2020.



This report is intended solely for the information and use of the Louisiana Department of Health, Mercer, and Aetna Better Health of Louisiana, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Myers and Stauffer LC
Atlanta, Georgia
April 13, 2022



AETNA BETTER HEALTH OF LOUISIANA, INC.
ADJUSTED MEDICAL LOSS RATIO

Adjusted Medical Loss Ratio for the Calendar Year Ending December 31, 2020 Paid Through April 30, 2021

Adjusted Medical Loss Ratio for the Calendar Year Ending December 31, 2020 Paid Through April 30, 2021				
Line #	Line Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts
Expenses				
1	Total Incurred Claims	\$ 679,783,298	\$ -	\$ 679,783,298
	<i>Adjustments to Incurred Claims</i>			
2	Deductions:			
2a	Prescription drug rebates	\$ 1,231,275	\$ -	\$ 1,231,275
2b	Prompt pay discounts	\$ -	\$ -	\$ -
2c	Overpayment recoveries received from providers	\$ 8,120,653	\$ -	\$ 8,120,653
3	Inclusions:			
3a	Incentive and bonus payments made to providers	\$ 23,086,830	\$ -	\$ 23,086,830
3b	Fraud reduction expenses	\$ -	\$ -	\$ -
4	Optional Inclusion: Value-Added Services	\$ 5,284,024	\$ -	\$ 5,284,024
5	Exclusions:			
5a	Non-Claims Costs	\$ -	\$ -	\$ -
5b	Prior year MLR rebates paid to LDH	\$ -	\$ -	\$ -
5c	Payments to delegated vendors exceeding amount paid to providers	\$ -	\$ -	\$ -
5d	Spread pricing amounts paid to PBM	\$ -	\$ -	\$ -
5e	Reinsurance premiums exceeding reinsurance recoveries	\$ -	\$ -	\$ -
6	Other: Incurred claims assumed			
7	Adjusted Incurred Claims	\$ 698,802,224	\$ -	\$ 698,802,224
	<i>Health Care Quality Improvement (HCQI) Expenses</i>			
8	HCQI administrative expenses	\$ 5,735,726	\$ 1,475,747	\$ 7,211,473
9	Exclusions to HCQI	\$ -	\$ -	\$ -
	<i>Health Information Technology (HIT) Expenses</i>			
10	HIT administrative expenses	\$ -	\$ -	\$ -
11	Exclusions to HIT expenses	\$ -	\$ -	\$ -
12	External Quality Review (EQR) related expenses	\$ -	\$ -	\$ -
13	Adjusted Incurred Claims and Adjusted HCQI, HIT and EQR Expenses	\$ 704,537,950	\$ 1,475,747	\$ 706,013,697
14	Less: Adjustment for 50% or more of Medical expenses attributed to new enrollees	\$ -	\$ -	\$ -
15	Add: Prior Year New Enrollee Medical Expenditures deferred to current year from line 34 below	\$ -	\$ -	\$ -
16	Total Adjusted MLR Numerator	\$ 704,537,950	\$ 1,475,747	\$ 706,013,697
	Non-Claims Cost (For reporting purposes only, not included in Numerator)			
17	Non-Claims Cost (Excluding amounts reported on lines 18 and 19)	\$ -	\$ 47,048,077	\$ 47,048,077
18	Program Integrity Activities [42 CFR §438.608(a)(1) through (5), (7), (8) and (b)]. (Must reconcile to the detail amounts on the Program Integrity Cost tab)	\$ -	\$ 2,297,460	\$ 2,297,460
19	Adjustments to Non-Claims Cost including amounts removed in the line 5 exclusions. (Excluding any related party profit)	\$ -	\$ -	\$ -
20	Total Adjusted Non-Claim Cost	\$ -	\$ 49,345,537	\$ 49,345,537
Revenues				
21	Healthy Louisiana Premium Revenue	\$ 792,882,894	\$ 41,738,144	\$ 834,621,038
	<i>Revenue Adjustments</i>			
22	Less: Health Insurance Provider Fee (HIPF)	\$ 18,325,098	\$ -	\$ 18,325,098
23	Less: Premium tax component of reported revenue	\$ 43,878,733	\$ -	\$ 43,878,733
24	Less: Other taxes and licensing and regulatory fees	\$ -	\$ 2,215,264	\$ 2,215,264
25	Net Annual MLR Revenue	\$ 730,679,063	\$ 39,522,880	\$ 770,201,943
26	Less: Adjustment for 50% or more of TOTAL capitation attributed to new enrollees (net of premium tax component)	\$ -	\$ -	\$ -
27	Add: Adjustment for 50% or more of TOTAL capitation attributed to new enrollees (net of premium tax component) deferred from prior year from line 29 below	\$ -	\$ -	\$ -
28	Total Adjusted MLR Denominator	\$ 730,679,063	\$ 39,522,880	\$ 770,201,943



Adjusted Medical Loss Ratio for the Calendar Year Ending December 31, 2020 Paid Through April 30, 2021

Adjusted Medical Loss Ratio for the Calendar Year Ending December 31, 2020 Paid Through April 30, 2021

Line #	Line Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts
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MLR Calculation				
29	MLR Percentage Achieved	96.42%	-4.76%	91.67%
30	MLR Percentage Requirement for Rebate Calculation	85.0%	85.0%	85.0%
31	Percentage Below 85% Requirement	0.0%	0.0%	0.0%
32	Dollar Amount of Rebate Requirement	\$ -	\$ -	\$ -

Reconciliation of Prior Year New Enrollee Capitation Exclusion				
33	Prior year new enrollee capitation adjustment exclusion (net of premium tax)			\$ -
34	Less: Prior year incurred claims for excluded New Enrollees			\$ -
35	Total Net Adjustment for New Enrollees from prior years			\$ -

36	MLR Member Months			1,603,777
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Credibility Adjustment Applied				
37	MLR Percentage Achieved			91.7%
38	Credibility Adjustment			0%
39	Adjusted MLR Percentage Achieved			91.7%
40	MLR Percentage Requirement for Rebate Calculation			85.0%
41	Percentage Below 85% Requirement			0.0%
42	Dollar Amount of Rebate Requirement			\$ -



Schedule of Adjustments and Comments for the Calendar Year Ending December 31, 2020

During our examination, we noted certain matters involving costs that in our determination did not meet the definitions of allowable medical expenses and other operational matters that are presented for your consideration.

Adjustment #1 – HCQI and Non-Claims Cost

During our examination, we determined that Aetna Better Health of Louisiana, Inc. did not include Q1 HCQI costs on line 8, Non-claims costs on line 17, or Program Integrity Activities on line 18 of the MLR. While the Non-claims do not contribute to the MLR percentage, the plan is required to report for full transparency. While Non-claims testing is outside of our scope of examination, an adjustment is necessary to report Non-claims as required in the Medicaid Managed Care Final Rule 42 CFR § 438.8(e).

Proposed Adjustment		
Line #	Line Description	Amount
8	HCQI Administrative Expenses	\$1,475,747
17	Non-Claims Cost	\$47,048,077
18	Program Integrity Activities	\$2,297,460

Adjustment #2 – Income Tax

During our examination, we determined that Aetna Better Health of Louisiana, Inc. did not report taxes in the Other taxes and licensing and regulatory fees on line 24 of the MLR. We have made an adjustment to include the verified taxes on line 24. The income tax reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(f).

Proposed Adjustment		
Line #	Line Description	Amount
24	Income Tax	\$2,215,264

Adjustment #3 – Revenue

During our examination, we determined that Aetna Better Health of Louisiana, Inc. incorrectly reported premium revenue. In reporting line 21 on the as-filed MLR, Aetna used net revenue instead of the state capitation data. State capitation data includes FMP and premium tax while the net revenue does not.



SCHEDULE OF ADJUSTMENTS AND COMMENTS

We have made an adjustment to premium revenue to include FMP and premium tax. The revenue reporting requirements are addressed in the Medicaid Managed Care Final Rule 42 CFR § 438.8(f).

Proposed Adjustment		
Line #	Line Description	Amount
21	Healthy Louisiana Premium Revenue	\$41,738,144